MIDLAND CITY COUNCIL
MINUTES
July 10, 2017

BRIEFING SESSION

The City Council convened in a Briefing Session in the basement conference room, City Hall, Midland, Texas, at ___ a.m. on July 10, 2017.

Council Members present: Mayor Jerry F. Morales, Mayor Pro Tem Sharla Hotchkiss (District 3), Council Member Scott Dufford (At-Large), Council Member Spencer Robnett (At-Large), Council Member Jeff Sparks (District 1), Council Member John B. Love III (District 2), and Council Member J.Ross Lacy (District 4).

Council Members absent: None.

Staff members present: City Manager Courtney Sharp, City Attorney John Ohnemiller, Deputy City Manager Tommy Hudson, Assistant City Manager Frank Salvato, Assistant City Manager Robert Patrick, City Secretary Amy Turner, Police Chief Price Robinson, Interim Fire Chief Chip Balzer, Utilities Director Laura Wilson, Administrative Services Director Catherine Clifton, Finance Director Pam Simecka, Development Services Director Charles Harrington, Community Services Director Tina Jauz, Engineering Services Director Jose Ortiz, Director of Airports Justine Ruff, General Services Director Fred Reyes, Chief Information Officer Willie Resto, Solid Waste Director Morris Williams, Planning Division Manager Jessica Carpenter, Building Official Steve Thorpe, and Public Information Officer Sara Bustilloz.

The foregoing agenda items were discussed by the City Council with no formal action taken. The Briefing Session was adjourned at ___ a.m.

REGULAR SESSION

The City Council convened in regular session in the Council Chamber, City Hall, Midland, Texas, at 10:00 a.m., July 10, 2017.

Council Members present: Mayor Jerry F. Morales, Mayor Pro Tem Sharla Hotchkiss (District 3), Council Member Scott Dufford (At-Large), Council Member Spencer Robnett (At-Large), Council Member Jeff Sparks (District 1), Council Member John B. Love III (District 2), and Council Member J.Ross Lacy (District 4).

Council Members absent: None.

Staff members present at the annex table: City Manager Courtney Sharp, City Attorney John Ohnemiller, Assistant City Manager Frank Salvato, and Assistant City Manager Robert Patrick.

The Agenda Items were heard in the following order:

Mayor Morales called the meeting to order at __ a.m.

REGULAR SESSION

cto 10:04 a.m.

love, hotchkiss dufford, lacy robnett courntey john robert frank pam jennifer willie catherine tina fred chuck amy darlene

cto hotchkiss

Courtney Sharp introduced the item noting presenting PowerPOint proposed revenue and expenditure. Today 30000 foot view of proposed budget. turn over to Pam Simecka.

Finance Director Pam Simecka acknowledge Jennifer Neves budget analyst. She reviewed the budget priorities as set at the petroleum . 1. maintina funding for street improvements. 2 increase funding for drainage improvements. Love maintaining as opposed to increasing street improvements which is a problem. Pam did increase capiital mill and overlay a little bit. 3. increasing funding for traffic. Reviewed the bdget highlights. INvestment in streets & traffice $4.8 M st, 2.6 m st 441,500 for drainage, 250,00 for trafffic equipment 2 brush trucks, ambulance and 14 police vehicles, 7 medicine dispense units and a new public safety dispatchers consoles. Investments in personnel include 3 new firfighters for staff up of new fire station, 1 facilities staff and one municipal court staff; includes cola and police and step raises $2.2 non sworn pay progression and cola $1.6 M. Lacy asked for what prgression and what cola is. Pam investment in capital project $395,960 faciliteis cpaitla projects, $90,000 for stryker auto load system for ambulance and $15,000 for thermal imaging camera for fire dept.. Moving ot enterprise funds add one new staff member for sanitation. $8.8 M in water and sewer infrastructure $4.8 M in garage vehile and equipment.

Compared other cities to the 2016-2017 rates noting Midland is the lowest. Compared overlap taxes to other cities for 2016-2017. Reviewwed prooperty tax valuation noting this is an estimate and official will coem otu July 25th there may be changes. Average home price is $220,310 in 2017 it was 211,059. Neww property has dropped. Real estate increased form 10.1 to 10.5 minerals from 1.6 to 2.2m andbusiness property from 5.2 m to 4.3 m.

Assuming asses valuation is same proposed budget is 3% above effective roll back rate is 44 cents last year 39.6 cents. of proposed rate of 41 cents 39 cents goes to gf and deb service 4.1 cents. for every one percent increase within levy going to raise 484,867 and for one cent increase raise 1.2 M additional. at proposed tax rate bring in 49.9M 5M goes to debt service. The average home value taeses were 843.56 and with new proposes taxes would be 905.59. a home value of $100,000 would see an increase of $11.37. Love roll back rate is 8% that means 44 with proposed legislation that been trying to do for last six years to 4% that would mean that if it would be in effect rollback rate would be 42 cents proposed is 41. that's very narrow gap and in 2005 and 2011 had to raise taxes 5.95 and almost 6%. This body tries to keep taxes low for citizens but sometimes miss. In light of proposed legilation this presents council with a bit of challenge. Dufford reason different was because unsure of economy kept at effective rate and then knew that had to increase higher amount the next year. if does change less changes of ever doing again. (spaarks arrived 10:22 a.m.) If had to to do higher tax rate would lose a lot of citizens upport. Lacy estimated population growth this last year? Courtney will check. Dufford 3% is always good number inflations is always at least 2%. Love3% covers historical inflation but does not allow to do increased proejcts like road improvements. Lacy 4% cap does not affect that service.

Pam reviewed gf revenues property tax 41% followed by sales tax 35%. sales tax debated this extensively kept at 38M trying to be conservative. seeing increased activity but have concerns regarding price of oil and when look at categroy of sales tx go down a levle. retail is biggest contributor they are sitlls howing negative 12 month rolling averages. veing conservative. Dufford non conservative # was 42M. Pam retail sstartiing to trend up but still negative on 12 month rolling avg. Lacy worse case scenario it comes in under whwere do you cut. Courtney unappropriated fund balfance or hold off on firefighters and look at colas. Courtney will ahve july numbers soon. Hotchkiss what bout sales tax on things purchased through internet. Pam amazon is now charging and some others on line are coming through on line. can't guarantee all spending on internet is coming through. Lacy going back to 3 legged stool 41 property 35 sales and 24% other revenues is it getting off weighted. Pam couple years ago sales tax was longer leg and had to shift back due to dramatic decrease in sales tax. These figures do not include $30 M ransfer from spororts complex. put into sports complex it would distort total so much. Pam has to be transferred into GF and can be tracked but up to Council how to use funds. . Thinks it iwll be a little over $29M. Dufford date to transfer you can approve it in budget or do a budget amendment in September. Collects inr etail area until September 30th. Lacy offsetting operating deficit with this fund? Dufford will ahve to. Pam Council's call.

Reviewed General Fund Expenditures noting 65% is personnel with 63% of the 65% police and fire. contractural 23%, maintenance of structures 3% captial 5% maint of equip 1% misc intfund transfers 1%. Love dopolice and fire get steps and colas? Catherine yes if eligible. Sparks 63% of 65% means 41% is fire and 24% is other personnel? Reviewed gf expenses by department. Shares timeline of unappropriated fund balance noting currentlya bout 41M which is 35% of expenditures. Love tax rate hiigher but less cash. Courtney property values. Love would like to look at. Property tax levy to unappropriated fudn balance. Reviewed major funds by revenues ntoing 48% is GF and 30% water and sewer sanitation 7%, Garage 3%, airport 3% others hotel/motel , debt, golf course, airport andsports complex and warehouse and technology. IN rpocess of evaluation fees and considering increassing. Reviewed major funds by expenditures noting special funds have more leeway. Reviewed water and sewer fund revenue adn expenditures noting main revenue is water sales followered by sewer sales. In expenditures biggest is personnel 8%, contractual 25% and commodities at 7%, misc at 42% includes tbar and clearwater lease, depreciations and franchsie fees paid to GF. Lacy using less water asked if hindering on revenue side? Laura Wilson definate impact people habit tend to go back. She reviewed the santitaiton fund main expend 45% contractural which is mianly equipment and personnel 29%. misc 21% includes deprecceation and fee to gf. post closure 1.2 M. Biggest source of revenue is garbage collection fees 65% and land fill charges is 26%. Robnett asked for value to be included on charts. Pam can give presentaiton with values.

Airport funds revenue stream is terminal at 43% and parking lot at 36%. expenses in misc includes 5.2 for depreciation and pay $2M gf service based on cost allocaiton plan. personnel at 20% and contractural at 17%.

Sports complex has many sources of revenue about 900,000. short about 1.4 1.5 M from what normally get. expenses do not contract but run over amount of revenue coming in. Misc expn includes 1.8 M depreceation and gf svces of 712,572. Dufford if have to spend $4m every year $30M doesn't last long. Love 712,000 city staff does not include rockhound employees. we pay rockhounds $98,000 to manage sports complex. Tina in 20% contractural that will include several agreements one referring to is marketing and it is 98,000 to work opena dn close events. Dufford roughly what paying

Golf coursebiggest source revenue is green fees 34% and golf pro shop sales at 30% adn golf carts at 25%. expenditure types personal 33%, misc 40% includes depreceation, GF cservices and debt service and inventory purchases. contractural is 19%. Dufford asked if how much City of Odessa supplements Ratliff ranch. Tian they don't have as many holes and about same amount of staff and they are subsidized more than Midland. Tina had couple really big years 2012 and 2013 that actually made money. Make more since took in pro shop- and driving range. still not breaking even. At Ratliff their debt is forgiven where Odessa takes funds elsewhere to offset. Love fees in anticipation of increasing fees are trying to look at fees to break even to generate little revenue. Tina want ot close gap but sitll stay competitive. continue to look at other public golf courses are charging not only in green fees and carts. Dufford also capital that needs to be done. Tina want to be affordable golf but not too low. they ahve room to increase this year.

Pam reviewed the budget calendar noting on August 1 final assessed valuation and proposal at 3% increase and set higgh rate and can go down but not up. August 15 first ph on tax increase, august 22 second public hearing august 29 ph on budget and first reading toa dopt budget ord and tax rate ord and september 2 second reading on budget ord and tax rate ordinance.

Pam glad like new format. Review book if see issues let them know so can make changes next year. If you have questions reach out to staff. Courtney staff started back in January February working on budget. Know just got budget book on Friday. Staff will be happy to review and answer questions.

Meeting adjourned 10:58 a.m.

1. Conduct a budget work session for the purpose of reviewing and discussing the proposed 2017-2018 City of Midland budget.

All of the business at hand having been completed, the meeting adjourned at ___ p.m.

PASSED AND APPROVED the __ day of ____, 2017.

Jerry F. Morales, Mayor

ATTEST:

Amy M. Turner, City Secretary